

**{As Prepared for Delivery}**

**NCGA Speech  
Washington, D.C.  
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**Thomas C. Dorr  
Under Secretary for Rural Development  
Remarks**

**Thank you. I'm delighted to be here.**

**I'd like to begin by recognizing and congratulating NCGA for its leadership on rural policy issues. You are, frankly, way ahead of the curve as a commodity organization in adapting to the challenges and opportunities facing American agriculture today.**

**That reflects effective leadership in the Association. It also reflects a membership that is active and alert to the realities of change, and committed to seizing the opportunities that change presents.**

**The difference between the glass being half empty and half full, as we all know, is simply the mental orientation of the viewer. And more often**

**than not, those who see it half full ... who are oriented to opportunity and initiative ... are the ones who emerge as winners in the end.**

**Our subject today is the “Future of Agricultural Policy.” With a new farm bill just around the corner, that’s a pressing topic. It’s also one that imposes some institutional limits on me.**

**USDA last year conducted over 50 Listening Forums around the country focusing on the 2007 Farm Bill. We are now reviewing the hundreds of comments made by rural stakeholders around the country. That process will be finished this spring. A bit later, Secretary Johanns will forward Departmental recommendations to the White House, and the President will ultimately make his proposal to the Congress.**

**I can’t prejudge that process, and I certainly can’t predict what Congress will ultimately choose to do. Obviously, on subsidies – a critical issue for commodity groups – Congress has reversed itself in each of the last two farm bills. You probably have as good an idea as I do what Congress will do this time around.**

**That said, I have been walking around and kicking the tires on Farm Policy issues most of my life. And it's clear to me – whatever Congress eventually does on supply management, price supports, and trade -- that we are reaching a tipping point in agricultural and rural policy.**

**The basic fact is that agriculture is no longer the primary driver of the rural economy. 65 million people live in rural America. 63 million of them don't farm. 96% of rural income is from non-farm sources. In fact, about 90% of farm family income is from non-farm sources.**

**This requires a mental shift for both stakeholders and policymakers, but it can't be ignored. As I mentioned before, NGCA is ahead of the game. Your "Taking Ownership of Grain Belt Agriculture" stakes out an important new policy perspective. Others are catching up to you:**

- The Farm Bureau is now circulating its MAAPPS Report – that's "Making American Agriculture Productive and Profitable."**
- The Farm Credit Council has just issued its Horizon Report.**

- **Or you can visit RUPRI – the Rural Policy Research Institute – online and sift through their data.**

**And there are many more examples. But the conclusion that most serious observers are reaching is pretty clear: the tipping point is here.**

**While farming is and will remain vitally important ... and while we intend that American agriculture remain a world leader ... the engines of growth in the 21<sup>st</sup> century rural economy lie elsewhere.**

**The issue for us is simple: if change is coming – and it is – what can we do to put rural America on the winning side of the equation?**

**On that question, I truly believe the glass isn't just half-full -- it's three quarters full, or more. We live in an age not only of change, but of astonishing new potential.**

**And looking at rural America today, there are three factors in particular that stand out as transformative: Place, Connectivity, and Broadband.**

**“Place” is my own term -- you may think of a better one -- for the quality of life considerations that attract so many of us to rural areas to live, work, and raise our families.**

**“Place” is peace and quiet, green fields, and fishable streams. It’s lower taxes and a lower cost of doing business. It’s affordable housing and a big yard for the kids. It’s the pace of life, low crime, and good schools.**

**These things are significant rural comparative advantages. Conversely, I’ve been on temporary assignment for five years in Washington, D.C., and I’ve never seen a real estate ad in D.C. or any other city boasting about a bigger mortgage for a smaller house, high taxes, noise, crime waves, and a three hour commute.**

**Rural communities that can provide good jobs, quality healthcare, and good schools are great places to live. Given the chance, people will vote with their feet. Our job is to help empower that choice by investing in the infrastructure and business development that makes it possible.**

Frankly, nothing hits closer to home than this. For decades, rural communities have had difficulty offering opportunities to young people. A majority of kids left after finishing school. Very few of the college graduates came back. In my class, for example, I may have been the only one who returned to Marcus – I'm not really sure, but I was certainly one of very few, if not the only one.

Our goal, therefore, begins right at home ... to create communities where our kids have a future ... communities where your son or daughter has more and better choices than we did.

If our kids' hopes, dreams, ambitions, and talents take them around the world, that's great – and we want them to have that opportunity -- but they shouldn't be forced to leave simply because there is nothing at home.

And if we can build communities that retain our own young people, we will find that they become destinations for others as well. Sometimes people ask me if I really want rural America to become a magnet for more people, businesses, and jobs. My answer is that if we want a dynamic rural economy where our kids can find good jobs, that comes

**with the territory -- and we'd better start planning on how to make it work.**

**Granted: not everyone will make the same choices -- not everyone will choose Manhattan, Kansas, over that other Manhattan on the East Coast -- but we can level the playing field so that rural America is again competitive in terms of economic opportunity. That's the goal.**

**A second opportunity arises from the communications revolution, especially broadband. IT is producing the most radical decentralization of information in human history.**

**Today, data can be shared easily across great distances. We no longer need everyone in the same building so they can talk, or shuffle paper from desk to desk. Administrative structures, manufacturing, and distribution networks can be decentralized.**

**To a degree unprecedented in history, people are going to have real choices about where to live and how to work. From a rural development perspective, this leverages "Place."**

**Bottom line is you can live locally and compete globally:**

- **TOM PFOTZER EXAMPLE**
- **PLAINS, MONTANA EXAMPLE**

**Sooner or later, organizations will adapt. They will have to. At the Department of Agriculture, for example, we have employees joining carpools at 4:30 in the morning for three hour commutes.**

**Many of them are using their laptops and Blackberries on the way. They're actually already telecommuting -- they're just doing it from vanpools over wireless networks because the office says they have to warm a seat 8 hours a day.**

**That's really not a satisfactory arrangement if your job is computer based and you could be at work each morning with the click of a mouse.**

**A generation from now, our grandchildren will be scratching their heads and wondering how we ever managed to live the way we do.**



**Broadband makes rural communities more competitive than they have been in generations. It opens the door to everything else. These things don't change overnight, but the spatial organization of America is being reengineered ...**

**... And I am convinced, if we do our jobs right, that smaller cities, small towns, and rural areas indeed have a very bright future in store.**

**Finally, rural America has a major new cash crop – energy. We've waited a long time for this. Energy has been a political football for 30 years. But talk is cheap. If speeches and press releases produced energy, the energy crisis would have been solved long ago.**

**The barrier to renewable energy has been price. Today, \$60 per barrel of oil has changed the equation. Alternative energy is taking off – so much so that I make a point of saying that we shouldn't call it “alternative” energy anymore. It's going mainstream:**

- **U.S. ethanol production this year exceeded 4 billion gallons. The 7.5 billion gallon renewable fuels standard in the Energy Bill will keep that growth on track.**
- **Biodiesel usage has soared from about 5 million gallons in 2001 to 25 million gallons in 2004 to 75 million gallons last year. You heard that correctly. It tripled in a single year, and many observers expect it to double again this year.**
- **U.S. wind power capacity by the end of last year reached 6,740 Megawatts, and another 5,000 MW are currently under construction or in negotiation.**
- **The U.S. Department of Energy estimates that wind can generate at least 6% of U.S. electricity by 2020. That's an extrapolation of current growth rates.**

**Energy from agriculture, in fact, offers the rural economy its biggest new market in history.**

**But it's not automatic. And this is where I want to issue a warning, and a challenge, to you. A new energy economy is emerging. It won't happen overnight. But it will happen, and the issue 10 and 20 years down the road will be who owns it.**

**The new energy sources coming online – ethanol, biodiesel, wind, solar – are distributed in nature. They are rural and agricultural based.**

**Farmers and other rural landowners are on the ground floor. But the question is, will farmers and rural landowners participate as owners and investors, or as vendors?**

**Bottom line: we need to develop new business and investment models, including new tax and regulatory regimes, to bring the benefits of new energy sources back home to rural communities.**

**To sum up, I am an incurable optimist about the future of rural America. I am an optimist about energy from agriculture. I am an optimist about the decentralizing implications of IT. I am an optimist about the attractions of the rural quality of life. This is a powerful**

**combination. With leadership, determination, and hard work, it's a winning hand for rural America in the next generation.**

**Yes, we face challenges. Standing still isn't an option, not in an era of globalization and connectivity-driven competitiveness. But our opportunities are even greater than our challenges, if we have the vision and the will to pursue them.**

**I am confident that we will, and I look forward to working with you to get the job done. Thank you.**